

Congress of the United States

Washington, DC 20510

November 4, 2019

The Honorable Gene L. Dodaro
Comptroller General of the United States
United States Government Accountability Office
441 G Street, NW
Washington, D.C. 20002

Dear Comptroller Dodaro:

The “Opportunity Zone” provisions of Public Law 115-97 allow investors to reduce and defer taxes on capital gains by reinvesting those gains in “qualified opportunity funds,” which invest in opportunity zones. In addition, for investments in qualified opportunity funds held ten years or more, gain on the investment is exempt from tax. More than 8,700 census tracts were designated as Opportunity Zones out of approximately 42,000 eligible tracts, and an estimated one in ten Americans now live in one of these designated areas.

Given the breadth of the Opportunity Zone incentive, the lack of reporting requirements under current law, as well as the high levels of reported interest from taxpayers, we believe it is critical that the Government Accountability Office (GAO) assist Congress in evaluating the incentive and monitoring its implementation and outcomes. To this end, we request that GAO provide a report that:

- Describes the Opportunity Zone tax incentive and compare its features to that of other federal initiatives aimed at spurring investments in low-income and distressed areas, including but not limited to the Low-Income Housing Tax Credit and the New Markets Tax Credit.
- Provides an analysis of census tracts designated as Opportunity Zones and compare the characteristics of designated tracts to that of eligible tracts that were not designated. Additionally, please identify any Opportunity Zones that do not meet the statutory criteria and explain how and why they were designated.
- Evaluates the implementation of the Opportunity Zone incentive by the Department of Treasury (Treasury) and the Internal Revenue Service (IRS), including the development and implementation of regulations, the adjustment of tax return schedules and instructions, and the collection of data from these returns and schedules.

- Evaluates and makes recommendations regarding the controls the IRS has in place, such as audit procedures, to ensure taxpayers, funds, and businesses will be in compliance with the Opportunity Zone provisions and relevant Treasury regulations.
- Evaluates and makes recommendations regarding Treasury's readiness and ability to report on the outcomes and effectiveness of the Opportunity Zone incentive.

In addition, when sufficient data become available, we are requesting that GAO provide a subsequent report that:

- Describes the key characteristics of Opportunity Zone investments, including geographic locations, number of investors, amount of investments, industries, and types of assets in which investments were made.
- Describes the effect of the Opportunity Zone provisions on federal and state tax receipts.
- Determines the effect of such investments on economic development, business location decisions, employment and job creation, housing, and other conditions affecting residents in Opportunity Zones. In addition, please examine whether the incentive had effects on census tracts that were not designated as Opportunity Zones.
- Compares the outcomes of the Opportunity Zone incentive to other federal initiatives aimed at spurring investments in low-income and distressed areas.

Please provide updates on the status of your work to House Ways and Means Committee and Senate Finance Committee staff.

Thank you for your attention to this request.

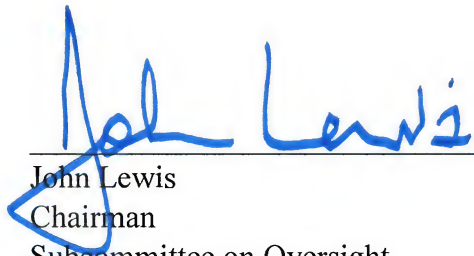
Sincerely,




Richard H. Neal
Chairman
Committee on Ways & Means
United States House of Representatives



Ron Wyden
Ranking Member
Committee on Finance
United States Senate



John Lewis
Chairman
Subcommittee on Oversight
Committee on Ways & Means
United States House of Representatives



Cory A. Booker
United States Senator